

**AMENDMENT 1 TO
AMENDED DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME:	1108 AUAHI
PROJECT ADDRESS:	1108 Auahi Street Honolulu, Hawaii 96814
REGISTRATION NUMBER:	7429
EFFECTIVE DATE OF REPORT:	April 17, 2015
THIS AMENDMENT:	<input checked="" type="checkbox"/> Must be read together with <input type="checkbox"/> Developer's Public Report dated _____ <input checked="" type="checkbox"/> Amended Report dated <u>November 14, 2014</u> <input type="checkbox"/> Supersedes all prior amendments: Includes all prior amendment(s) and must be read together with <input type="checkbox"/> Developer's Public Report dated _____ <input type="checkbox"/> Amended Report dated _____
DEVELOPER(S):	1108 Auahi, LLC

Preparation of this Amendment

The Developer prepared this amendment pursuant to the Condominium Property Act, Section 514B-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 514B-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desires to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

The law defines "material change" as used in parts IV and V of Chapter 514B, HRS means any change that directly, substantially, and adversely affects the use or value of (1) A purchaser's unit or appurtenant limited common elements; or (2) Those amenities of the project available for the purchaser's use.

The law defines "pertinent change" to mean, as determined by the commission, a change not previously disclosed in the most recent public report that renders the information contained in the public report or in any disclosure statement inaccurate, including, but not limited to (1) The size, construction materials, location, or permitted use of a unit or its appurtenant limited common element; (2) The size, use, location, or construction materials of the common elements of the project; or (3) The common interest appurtenant to the unit. A pertinent change does not necessarily constitute a material change.

The filing of an amendment to the Developer's Public Report or an amended Developers Public Report, in and of itself, shall not be grounds for a purchaser to cancel or rescind a sales contract. A purchaser's right to cancel or rescind a sales contract shall be governed by sections 514B-86 and 514B-87, HRS, the terms and conditions of the purchaser's contract for sale, and applicable common law.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at (808) 586-2643 to submit your request.

This Amendment has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this amendment to the Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts, material changes, or pertinent changes about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

The law defines "material facts" to mean any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale.

This amendment may be used by the Developer for promotional purposes only if it is used with the last Developer's Public Report in its entirety.

Prospective purchasers and purchasers are encouraged to read this amendment carefully and to seek professional advice.

Summary of Changes from Earlier Developer's Public Report are Described Beginning on the Next Page

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Summary of Changes from Earlier Developer's Public Report:

This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public Report with the effective date as noted on the top of page 1 if they wish to know the specific changes that have been made.

Changes made are as follows (include a description of what the change is and page number and or exhibit alphabet or number; additional pages may be used):

Changes contained in this amendment:

1. Developer has submitted all information and documents required by law and the Commission in order to use purchaser deposits before closing to pay for project construction costs. Accordingly, Box A below Section 5.6.2 has been marked and Box B below Section 5.6.2 has been unmarked.

Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.

2. Updated title report dated January 9, 2015. Exhibit "F" was updated accordingly and explanations regarding conditions and restrictions resulting from certain encumbrances listed therein have been added.
3. Sections 2.4 and 5.4 have been updated to identify the general contractor for the Project.
4. Section 5.3 has been updated to note that the mortgage on the Project also encumbers an affiliated project.
5. Section 5.5 has been updated to note that Developer has commenced construction.
6. Section 6, Paragraph 22 has been updated to note the inadvertent finding of remains during excavation.

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Changes continued:

7. Pursuant to recently enacted law, the Project is now exempt from the federal Interstate Land Sales Full Disclosure Act, which required that purchasers of new condominium units receive a disclosure document known as the Property Report. Exhibit "I" was been updated accordingly.

SPECIAL NOTICE

A prospective purchaser is encouraged and warned to thoroughly review the Developer's Public Report and all amendments to it in their entirety. There are numerous disclosures in the Public Report relating to different aspects of the Project and the unit that you may be purchasing. In some instances you may also have to review and understand the underlying documents and instruments which are referenced in the Public Report.

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The Developer declares subject to the penalties set forth in Section 5148-69, HRS that this project continues to conform to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 5148-5 and 32(a) (13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report as amended, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report as amended, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report as amended and the exhibits attached to this report (if any) as amended and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report as amended to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report as amended at least 30 days prior to the anniversary date of the effective date of this report.

1108 Auahi, LLC

Printed Name of Developer



Duly Authorized Signatory*

April 16, 2015

Date

Nicholas Vanderboom, Vice President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit "E"

Described as follows:

Common Element	Number
Elevators	7
Stairways	4
Trash Chutes	2

* Does not include stairways located within, or used to access, specific Units.

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit "E"

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input checked="" type="checkbox"/>	Pets: dogs, cats or other typical household pets and service animals are permitted in Residential Units, pursuant to the limitations in the House Rules (see Exhibit "K")
<input checked="" type="checkbox"/>	Number of Occupants: See Declaration, Section VII.C.2
<input checked="" type="checkbox"/>	Other: See Exhibit "D"; House Rules
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit "F" describes the encumbrances against title contained in the title report described below.

Date of the title report: January 9, 2015

Company that issued the title report: Title Guaranty of Hawaii, Inc.

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer	<p>Name: 1108 Auahi, LLC</p> <p>Business Address: 1240 Ala Moana Blvd., Suite 200 Honolulu, Hawaii 96814</p> <p>Business Phone Number: 808-591-8411</p> <p>E-mail Address: nick.vanderboom@howardhughes.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Sole Member: The Hughes Corporation</p> <p>Officers of 1108 Auahi, LLC:</p> <p>David R. Weinreb – CEO Grant Herlitz – President Andrew Richardson – CFO Peter Riley – Secretary Reuben Davidson – Treasurer & VP Christopher Curry – VP David Striph – VP Nicholas Vanderboom - VP</p>
2.2 Real Estate Broker	<p>Name: Coldwell Banker Pacific Properties, LLC</p> <p>Business Address: 1314 South King Street, 2nd Floor Honolulu, Hawaii 96814 Attn: Kai McDurmin</p> <p>Business Phone Number: 808-593-6419</p> <p>E-mail Address: kai@cbpacific.com</p>
2.3 Escrow Depository	<p>Name: Title Guaranty Escrow Services, Inc.</p> <p>Business Address: 235 Queen Street Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-521-0211</p>
2.4 General Contractor	<p>Name: Albert C. Kobayashi, Inc.</p> <p>Business Address: 94-535 Uke'e Street Waipahu, Hawaii 96797</p> <p>Business Phone Number: 808-671-6460</p>
2.5 Condominium Managing Agent	<p>Name: Hawaiiana Management Company, Ltd.</p> <p>Business Address: 711 Kapiolani Blvd., Suite 700 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-593-9100</p>
2.6 Attorney for Developer	<p>Name: Imanaka Asato; Attn: Mitchell Imanaka/Nikki Senter</p> <p>Business Address: 745 Fort Street, 17th Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: 808-521-9500</p>

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit ____ "I" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: September 13, 2013 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit ____ "J" contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input checked="" type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____.
<input checked="" type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are no blanket liens affecting title to the individual units.
<input checked="" type="checkbox"/>	There are blanket liens that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	The mortgage encumbering the Project also encumbers another condominium project being developed by an affiliate of Developer. If there is a default by either the Developer or the affiliated developer or both of them, the lender has the option of foreclosing the mortgage. If such a foreclosure occurs prior to conveyances, Purchaser may lose the right to buy a Unit, and Purchaser may have no further interest in the Project. In the event of a foreclosure, Purchaser's deposits, less escrow cancellation fees, may be refunded unless said deposits were used to pay for construction costs in accordance with Section 5.6.2.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements:

The Units are being sold in "As Is" condition and the Developer makes no warranties or representations about the condition of the Units and the Project, except as may be otherwise provided in the Unit Deeds (relating to warranties of title) and in the Sales Contract. Upon closing, Developer shall assign to Owner any and all warranties given the Developer by the general contractor for the Project, Albert C. Kobayashi, Inc. (the "Contractor"), and by any subcontractor or materialmen, including the Contractor's guarantee of materials and workmanship against faulty or deficient materials installed for a period of one (1) year after "Substantial Completion" of the Unit, as defined in the construction contract for the Project. The Developer will make no other warranties, express or implied, with respect to the design, condition, workmanship, materials, value or use of the Project, the Unit or any common elements or anything thereon or therein.

The Developer will also pass on extended warranties it receives from the Contractor and its suppliers, if any.

Appliances:

The Developer is not the manufacturer of the furnishings and appliances that will be included with the Unit and disclaims any express or implied warranty of any kind whatsoever with respect to such furnishings and appliances, including the merchantability of such furnishings and appliances or their fitness for any particular purpose. The Developer will pass on any existing manufacturer's or dealer's warranties covering such furnishings and appliances to the extent that such warranties are transferable to the Buyer.

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: The Developer has commenced construction.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: The Developer shall complete construction of the Residential Unit covered by a sales contract so as to provide normal occupancy of the Unit within five (5) years from the date the sales contract becomes binding.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

<input type="checkbox"/>	Spatial Units. The Developer hereby declares by checking the box to the left that it offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project.
<input type="checkbox"/>	Should the developer be using purchaser's deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to meet certain requirements, described below in 5.6.1 or 5.6.2.

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not be Disbursed Before Closing or Conveyance

<input type="checkbox"/>	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.
	If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):

<input checked="" type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

<p>Box A</p> <p><input checked="" type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B</p> <p><input type="checkbox"/></p>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

Capitalized terms used herein not otherwise defined shall have the definition set forth in the Declaration or the Bylaws.

1. **Common Expenses; Developer to Pay Actual Costs of Project.** The Developer may initially assume the actual Common Expenses of the Project, pursuant to Section 514B-41(b) of the Hawaii Revised Statutes ("HRS"), from the date upon which the certificates of occupancy are issued for Units within the Project. If the Developer initially assumes the actual Common Expenses, the Residential Unit owners shall not be obligated for the payment of their share of the Common Expenses until such time as the Developer sends to the owners a written notice that, after a specified date, the Unit Owners shall be obligated to pay for the portion of the Common Expenses that are allocated to their respective Units.
2. **Real Property Tax Assessment.** Developer shall be responsible for any real property taxes attributable to the Residential Units prior to closing. Any real property taxes paid in advance by Developer shall be prorated as a closing cost payable by purchaser pursuant to the purchase agreement for the purchase of a Unit.
3. **The Commercial Units and Commercial Limited Common Elements; Operations of Commercial Units.** The Commercial Units are located on Level 1 of the Project. The Developer intends on owning the Commercial Units and leasing them to third parties for commercial and retail activities that may be open to and accessible by the public. It is not guaranteed that the Commercial Units will continue to be used as retail space and/or be open for access by the public and/or other Unit Owners. The Commercial Unit Owner may consolidate and/or subdivide the Commercial Units into multiple Units pursuant to its right to do so in the Declaration. Services offered from the Commercial Units are not Project amenities. The Commercial Unit Owner may change the use of the Commercial Unit at its discretion, subject to any limitations set forth in the Declaration. Level 1 will also be utilized by the public and commercial vehicles to access the neighboring Ward Village Shops and existing parking structure on the remainder of the block.
4. **Commercial Limited Common Elements and Residential Limited Common Elements.** The Commercial Units, their undivided interest in the Common Elements, the Commercial Limited Common Elements and the Commercial Unit Limited Common Elements, as set forth in Exhibit "E" attached hereto, shall essentially comprise the "commercial portion" of the Project. The Residential Units, their undivided interest in the Common Elements, the Residential Limited Common Elements and the Residential Unit Limited Common Elements, as set forth in Exhibit "E" attached hereto, shall comprise the "residential portion" of the Project. The residential portion shall generally maintain and have the use of the areas that are Residential Limited Common Elements described in Exhibit "E" and designated on the Condominium Map and the commercial portion shall generally maintain and have the use of the Commercial Limited Common Elements described in Exhibit "E" and designated on the Condominium Map, unless otherwise specified in the Declaration.

The Residential Unit Class, comprised of all the Residential Unit Owners, is responsible for sharing in the cost and in making decisions for the Residential Limited Common Elements based on their Residential Unit Class Common Interest set forth in Exhibit "A." The Commercial Unit Class, comprised of all the Commercial Unit Owners, is responsible for sharing in the cost and in making decisions for the Commercial Limited Common Elements based on their Commercial Unit Class Common Interest set forth in Exhibit "A." The Class Common Interest is not an ownership

interest, but rather an interest used to calculate each Unit Owner's share of costs attributable to each class and allocation of voting interest on matters affecting the class. In addition, there are certain approval and consent rights held by the Commercial Director for certain improvements and alterations within the Residential Limited Common Elements and to the Residential Units in order to ensure the Project continues to meet the Project Quality Standard. The Purchaser should make careful review the Declaration and Bylaws to understand such consent and approval rights of the Commercial Director.

5. **Special Cost and Alternative Allocation for Common Expenses; Other Costs.** According to Hawaii Revised Statutes §514B-41, as amended, in a mixed-use project, common expenses may be allocated among the commercial units and residential units in a fair and equitable manner. The Declaration creates the concept of "Alternative Allocations" by which certain "Special Costs" are shared between the Residential Unit Class and the Commercial Unit Class, then shared among the individual owners through their Residential Class Common Interest and Commercial Class Common Interests, set forth in Exhibit "A." The Class Common Interest is not an ownership interest, but rather an interest used to calculate each Unit Owner's share of the Residential Unit Class Expense and Commercial Unit Class Expense (in addition to voting interests for Class issues). For instance, the Commercial Units may be responsible for the landscaping and water features surrounding the Project, which may be within the Commercial Limited Common Elements; however, since the Residential lobby and access points of the Tower and the entire development benefit from the ground floor landscaping and water features, the cost of maintenance of the landscaping and the water features may be an Alternative Allocation.

Exhibit "C" of the Declaration sets forth the Special Costs and Alternative Allocations shared between the Residential Unit Class and the Commercial Unit Class. The Alternative Allocation may not be amended without the consent of the Developer until the end of the Development Period, as defined in the Declaration, then the Association and the Commercial Unit Class are required.

Also, there may be other costs that are allocated based on efficiency and equity, rather than by a strict common interest or other allocation. For instance, there may be certain Unit Limited Common Elements that may be maintained by the Association or by the Unit Owners for which the cost of maintenance may be covered as a common expense. Purchasers should carefully review the estimated Budget and Initial Maintenance Fees in Exhibit "H" herein.

6. **Managing Agent; Commercial Managing Agent.** The Developer, acting as the Association, has retained Hawaiiana Management Company, Ltd. to handle fiscal and administrative management of the Project and physical management of the Residential Units and the Residential Unit Limited Common Elements. The Commercial Director may retain a manager to perform physical management of the Commercial Units and the Commercial Limited Common Elements, or the Commercial Unit owners will self-manage the Commercial Units and the Commercial Limited Common Elements.
7. **Ward Village; Master Planned Community.** The Project is one of multiple high-rise condominium projects anticipated to be developed as part of a master planned community called "Ward Village" by Victoria Ward, Limited, the "Master Declarant" or its affiliates. The Project will be part of this urban, mixed-use master development located in central Kaka'ako, City and County of Honolulu, Hawaii.

Being a part of "Ward Village," the Project is subject to the Community Covenants for Ward Village ("Master Declaration") and By-Laws of Ward Village Owners Association ("Master By-

Laws”) and the Ward Village Rules (“Master Rules”), as the same may be amended and/or supplemented from time to time, and all rules and regulations promulgated thereunder, including, without limitation, any assessments, voting rights, design restrictions and the design review process set forth therein, if applicable. By acquiring an interest in the Project, each Owner agrees to carefully review, observe and comply with all covenants, conditions, restrictions and other requirements to which the Project is subject under the Master Declaration and Master By-Laws, including memberships in the Ward Village Owners Association (“Master Association”) and the payment of such sums as may be assessed pursuant to such Master Declaration or Master By-Laws (“Master Assessments”) for the Project’s share of common expenses for Ward Village. Further, Developer shall have the reserved right, without the consent of any Owners or such Owners’ mortgagees, to amend the Declaration and to enter into any agreements and to grant easements and to do all things necessary and convenient to effect and implement the purposes of the Master Declaration, Master By-Laws and Master Rules and to execute, file and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to the Declaration and to the Condominium Map. This summary is not conclusive and the Master Declarant has other reserved rights and easements pursuant to the Master Declaration and Master By-Laws. Exhibit “N” contains a summary of the rights of the Mater Declarant pursuant to the Master Declaration, Master By-Laws and Master Rules.

8. **Hawaii Community Development Authority (HCDA); Kaka’ako Community Development District Mauka Area Plan Rules; Planned Development Permits and Agreements.** The Project is located within the Kaka’ako Community Development District and is subject to the jurisdiction of the Hawaii Community Development Authority (“HCDA”) and the District Mauka Area Plan Rules. The Project will be developed subject to and in compliance with the terms of various permits and agreements by and/or between the Master Declarant, the Developer, or Developer’s predecessors in interest, and HCDA (collectively, “HCDA Agreements”). Some of these HCDA Agreements impose certain responsibilities and limitations on owners within Ward Village pertaining to design, alteration and use of the master development areas. Exhibit “M” attached hereto contains a summary of the more salient permits and/or agreements. Purchasers, however, should review all agreements and permits noted on Exhibit “M” for a comprehensive understanding of such responsibilities and limitations.
9. **Resident Manager Unit.** The Developer is the Owner of Residential Unit 2-A, which is initially intended to be used as the Resident Manager’s Unit. The Developer may sell, pledge, lease, assign, convey, mortgage and/or transfer Unit 2-A to a third party or to the Association, in its sole discretion. This means that the Association may not have first preference to purchase the Resident Manager’s Unit and the Developer may relocate the Resident Manager to another Unit in the Project. The Developer does not guaranty, warrant or represent that Unit 2-A will continue to be used as a Resident Manager Unit or be utilized to serve the Project or its Owners.
10. **Security Disclaimer.** The Association and/or the Resident Manager may, but shall not be obligated to maintain or support certain activities within the Project designed to make the Project safer than it might otherwise be. Neither the Association, the Resident Manager nor Developer shall in any way be considered insurers or guarantors of security within the Project, and neither the Association, the Resident Manager, Developer, nor any successor Developer shall be held liable for any loss or damage by reason of failure to provide security or the ineffectiveness of security measures undertaken. The Association the Board, the Resident Manager, Developer or any successor Developer do not represent or warrant that any fire protection system or other security system designated or installed according to the guidelines established by Developer or the Association may not be compromised or circumvented, that any fire protection or burglar alarm systems or other security systems will prevent loss by fire, smoke, burglary, theft, hold-up,

terrorism or otherwise, nor that fire protection or burglar alarm systems or other security systems will in all cases provide the detection or protection for which the system was designed or intended. The Resident Manager, the Association, its Board and committees, Developer, or any successor Developer have made no representations or warranties nor has any Owner, his or her family, agents, transient guests, long-term guests, or other occupants of a Unit relied upon any representation or warranty, expressed or implied, including any warranty of merchantability as to the fitness of any alarm systems or other security systems recommended or installed, or any security measure undertaken within the Project.

11. **Nonliability for Square Footage Calculation.** There are various methods for calculating the square footage of a Unit, and that depending on the method of calculation, the quoted square footage of the Unit are approximate and may vary by more than a nominal amount. Additionally, as a result of field construction, other permitted changes to the Unit, and settling and shifting of Improvements, actual square footage of the Unit may also be affected. By accepting title to the Unit, the applicable Unit Owner(s) shall be deemed to have conclusively agreed to accept the size and dimensions of the Unit, regardless of any variances in the square footage from that which may have been disclosed at any time prior to closing, whether included as part of Developer's promotional materials or otherwise. The Developer does not make any representation or warranty as to the actual size, dimensions (including ceiling heights) or square footage of any Unit.
12. **Nonliability for Mold Development.** Mold and mold spores are present throughout the environment and residential condominium construction cannot practicably be designed to exclude the introduction of mold spores. All molds are not necessarily harmful, but certain strains of mold have been found to have adverse health effects on susceptible persons. Moisture is the primary mold growth factor that must be addressed. The Developer cannot ensure that mold and mold spores will not be present in the Project. The failure of an Owner or the Association to take steps to minimize mold growth may increase the risk of mold growth and mold spores being present in the Project. The Developer shall not be liable for any actual, special, incidental or consequential damages based on any legal theory whatsoever, including, but not limited to, strict liability, breach of express or implied warranty, negligence or any other legal theory, with respect to the presence and/or existence of molds, mildew and/or microscopic spores at the Project, unless caused by the sole gross negligence or willful misconduct of the Developer.
13. **Condominium Living: Residential-Commercial Mixed-Use Retail Area.** Living in a multi-story, mixed-use, high-rise condominium building entails living in very close proximity to other persons, businesses, restaurants, shopping areas and other apartments, with attendant limitations on solitude and privacy. Walls, floors and ceilings have been designed to meet applicable building codes. Owners will hear noise from adjacent Units within the Project, however, including, but not limited to, noise from showers, bathtubs, sinks, toilets or other sources of running water and/or plumbing fixtures. Also, Owners may hear noise from such items as the pool, vacuum cleaners, stereos or televisions, or from people running, walking, exercising, socializing or enjoying the Recreational Amenities on the Amenity Deck (both as defined in the Declaration). Finally, Owners can expect to hear substantial levels of sound, music, noise, odors, vibrations and other nuisances from retail and commercial establishments in the Project, the master planned community and/or in close vicinity of the Project, including, without limitation, the Ward Village Shops and other surrounding retail. Owners may also experience light entering the Units from commercial lighting in the vicinity and from street lights located in close proximity to the window and doors for the Units. Owners on lower floors within the Project located directly above such commercial and retail establishments (i.e., levels 2-6 which are directly above the Commercial Units) and close to the street will likely experience the most sound, music, noise, odor and vibrations from such commercial activity.

14. **Noise; Traffic.** Being located in a central shopping, entertainment and commuter district, noise, dust, vibration, and/or pedestrian and vehicular traffic are higher than average in the vicinity of the Project. Each Owner and every other person who has any interest in the Project or who has the right to use the Project or any part of it waives, releases and discharges any rights, claims or actions that such person may have, now or in the future, against the Developer, and their representatives, licensees, successors and assigns, and arising directly or indirectly out of or from such noise, dust, vibrations, and/or additional traffic, including, without limitation, construction and operation of the City and County of Honolulu ("County") planned elevated rail transit project, if constructed, which could be constructed adjacent to or in close proximity to the Project. Traffic, noises and uses which are typically encountered in a high-rise condominium commercial-residential mixed-use setting, including, but not limited to (1) transient noise and guest or pedestrian traffic from the street or the Commercial Unit Limited Common Elements or neighboring properties; (2) opening and closing of doors; (3) loud music from restaurants or other outlets, concert events or performances; (4) vehicular traffic from the street; (5) voices of people talking outside retail and/or food and beverage establishments; and (6) noises from special events taking place near the Property. Such noise shall not be deemed a nuisance, as such noises and/or uses are deemed to be common and accepted occurrences in a centrally located high-rise condominium mixed-use setting. Furthermore, normal construction activities shall not be considered to violate the terms and conditions of this Article.
15. **Views.** Each Owner acknowledges that there are no protected views in the Project, and the Units are not assured the existence or unobstructed continuation of any particular view. Any view from the Unit is not intended as part of the value of the Unit, and is not guaranteed, and the Developer makes no representation or warranty regarding the effect of the view on the value of a Unit. The views from the Unit or Project may likely change, be affected, or obstructed by (i) construction or installation of buildings, improvements, structures, walls and/or landscaping by the Developer or owners of property outside the Project; and/or (ii) the growth of trees, landscaping and/or vegetation within or outside the Project; and/or (iii) the planned elevated rail transit project described above, which may be located directly adjacent to the Project.
16. **Continuing Activities.** Each Owner understands and agrees that the Developer is engaged in a sales and development program and that certain elements of the Project may not be completed and completion of the improvement of such items may be deferred by Developer at its sole and absolute option; provided normal access and parking facilities are provided for the Units conveyed to third parties. As an integrated structure consisting of a variety of uses that may be changed from time to time, alterations, construction, remodeling, repair and changes of uses of portions of the Property may occur from time to time.
17. **Uses Changes.** Except as expressly set forth in the Condominium Documents, the Developer makes no representations or warranties with respect to the (a) nature of any improvements to be initially or subsequently contained in the Project, (b) the initial or subsequent uses of any portion of the Project, or (c) the services and amenities (and the costs of such services or amenities) which may be provided to Owners.
18. **Marketing Materials.** Any marketing materials used by the Developer in the promotion and sales of the Residential Units and of the Project shall not be a representation or warranty by the Developer of the Residential Unit layout, décor, coloring, furnishings or fixtures provided with the Unit or the types of amenities provided in the Project. The marketing materials are intended to give a purchaser a general idea of the standard and quality of the Project, and is not intended to

represent the precise décor, coloring, furnishing, fixtures or amenities that will be included in the Project.

19. **Condominium Map.** Nothing in the Condominium Map is intended to be or is a representation or warranty by the Developer. Typical type floor plans may have slight deviations as to the location of columns in the Unit, doors and fixtures. The layout and areas of the Units with typical depictions are intended to be consistent.
20. **Warranties.** The Developer is developing the Project but it is not the general contractor or an affiliate of the general contractor who built the Project. The Developer makes no warranties, express or implied, about the Units or the Project, or about consumer products or anything else installed or contained in the Units or the Project. This includes, but is not limited to, warranties of merchantability, habitability, workmanlike construction, fitness for a particular purpose, or sufficiency of design. All rights and interests in the Project are sold by the Developer “as is” and “where is”, with all defects, whether visible or hidden, and whether known or not known.
21. **Future Light Rail Route.** The Project is in the vicinity of the proposed future light rail route by the County, which may cause noise, dust, vibrations, traffic congestion and/or other inconveniences or nuisances associated with the development, construction and operation of such light rail transit system.
22. **Neighboring Burial Site; Potential Archeological Findings.** There is a burial site located on Lot 17, the Lot adjacent to the Project. The Developer’s predecessor in interest entered into an unrecorded Burial Treatment Plan with the Office of Historic Preservation of the Department of Land and Natural Resources of the State of Hawaii to preserve the burial site. In addition, remains were inadvertently discovered during the pile cap excavation of the Land. The State Historic Preservation Division of the Department of Land and Natural Resources of the State of Hawaii has determined that the remains shall be preserved in place. The entirety of the Land was not excavated. Therefore, there is the potential that remains may be inadvertently encountered during further construction. Treatment of such findings will be determined at the time of any findings. By signing and accepting a deed to a Unit, the Owner will accept the existing of the burial site on neighboring Lot 17 and the existing of remains on the Land and waives any claims or rights of action or suits against the Developer or the Developer’s successors and assigns arising from any impairment of the Owner’s use and enjoyment of the Unit or the Project, or from any inconvenience, arising directly or indirectly from the existing of the burial site and remains.
23. **Soil.** A Phase I Environmental Site Assessment on the Land identified a prior leaking underground storage tank on the Land. Remediation was completed and a “No Further Action” letter was issued by the regulatory agency on June 12, 1997. By acquiring a Unit in the Project each Owner will be deemed to acknowledge such Owner’s understanding of this provision and the Developer shall not be liable for any actual, special, incidental or consequential damages based on any legal theory whatsoever, including, but not limited to, strict liability, breach of express or implied warranty, negligence or any other legal theory, with respect to the prior existence of such conditions on the Land.
24. **Flood Zone (AE).** The Project is located in a Flood Zone (Zone AE) per the City and County of Honolulu and as such, federal flood insurance may be required for the Project and/or the individual Units in the Project. Location in a flood zone exposes the Project to a greater risk of flood damage. The Developer intends to obtain a FEMA Flood Map exemption as a result of the ground level entrances into the Tower exceeding the minimum flood elevation applicable to the Project land, but Developer cannot assure that the Developer will be able to obtain such FEMA

flood Map exemption. If the Developer does not obtain the exemption, then the federal flood insurance may be required.

25. **Trade Name.** The Developer created and registered a trade name for the Project, “Anaha.” The legal project name will continue to be “1108 Auahi,” however, the trade name, “Anaha,” will be used to sell and market the Project.
26. **Use of Guest Units.** The Developer intends to (but is not required to) develop the Guest Units in the Project as Residential Limited Common Elements to potentially be managed and controlled by the association and for use by the owners’ guests. The association shall be responsible for all costs associated with the Guest Units, including, without limitation, the maintenance fees associated with the Guest Units and the cost to upkeep and maintain the Guest Units. The association shall be permitted to perform rental of such units and collect any rental fees, as permitted by zoning and as permitted by law.
27. **Public Facilities Dedication for Public Purposes.** The Developer has dedicated for public purposes, use of portions of the Land (“Public Areas”) as described in Exhibit “B” to the Declaration of Restrictive Covenants (Public Facilities Dedication), dated May 15, 2014 and recorded as Document No. A-52480776 (“Declarations of Restrictive Covenants”). The Developer, however, may relocate the Public Areas to a different location on the Land or to another location with the consent of HCDA. The Public Areas shall be improved, maintained and used for public purposes commencing on the date that a certificate of occupancy is issued for the Project and shall continue in perpetuity unless said Declarations of Restrictive Covenants are repealed by the Developer with the consent of HCDA or are automatically terminated as to such portions of the Public Areas that are conveyed by perpetual easement or in fee to the City and County of Honolulu or the State of Hawaii. The Developer may assign its rights to maintain the Public Area to the Association. Currently, the Public Area is planned to be a landscaped and paved walkway area outside the parking structure.
28. **Archeological Data Recovery Area.** A portion of the Land (“Impacted Land”) is included in the Archeological Data Recovery Area as shown in the Final Archeological Preservation Plan for SIHP 50-80-14-6855, Victoria Ward Village Shops Project, dated January 2011 (“Preservation Plan”), and also shown on ALTA Survey Map prepared by Lance T. Stevens with Controlpoint Surveying, Inc. dated October 15, 2014. Said Impacted Land is subject to the requirements, restriction, and limitations set forth in the Declaration of Cultural Preserve Area and Archeological Data Recovery Area (to be recorded) and any further procedures pertaining to the Archeological Data Recovery Area outlined in the Preservation Plan (collectively, “Restrictions”). These Restrictions include an appropriate archeological data recovery investigation completed in the area of proposed disturbance prior to any ground disturbing activities on the Impacted Land that could potentially disturb the subsurface cultural layer (e.g. development and/or excavation). Surface uses that do not affect the subsurface cultural layer (e.g. surface parking, vehicular driveways, and pedestrian walkways), however, are permitted in the Archeological Data Recovery Area without the need for an investigation. The Impacted Land will be a part of the porte cochere driveway for the Project, off of Queen and Auahi Streets.
29. **Construction Agreement Effective September 10, 2014.** The Construction Agreement effective September 10, 2014, covers preliminary work, including demolition of the former Pier 1 building, utility relocation of an existing transformer and utility lines conduit, and installation of a construction fence around the perimeter of the Project site. The work is approximately 95% complete and is expected to be completed by mid-May 2015, at which time all amounts due and owing under the Construction Agreement should be paid in full. The cost of this preliminary work is covered by the construction loan and has been funded by cash equity thus far. The

potential for any default under the Construction Agreement is minimal, and any risk to purchasers resulting therefrom is negligible.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

- * Items the Developer intends to remove prior to sales or closing.
- 1. Mineral and water rights of any nature in favor of the State of Hawaii.
- 2. Designation of Restriction of Vehicular Access Rights, as shown on Map 18, as set forth by Land Court Order No. 149187, filed January 28, 2003, as may be affected by item 12 below in this Exhibit "F".

-Note:- Said Designation of Restriction of Vehicular Access Rights affected Lot 2 shown on Map 18 of Land Court Consolidation No. 53, which lot was deregistered from the Land Court System and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. A-46240648. Through consolidation and resubdivision, a portion of said Lot 2 is now Lot 15 shown on survey map prepared by Gary S. Takamoto, Land Surveyor with ControlPoint Surveying, Inc., dated March 4, 2013, approved by the Department of Planning and Permitting, City and County of Honolulu, 2013/SUB-58, on August 23, 2013 ("Survey Map"). As shown on said Survey Map, vehicular access for ingress to and egress from Lot 15 is permitted.

(Lot 15 is covered by Tax Map Key Nos. (1) 2-3-005:013 (por.), 017 (por.), -019 and -022, the underlying land of the Project.)

- *3. Access rights in favor of Lot 2-C of Land Court Consolidation No. 188 over and across Lot 2 of Land Court Consolidation No. 53 to Kamakee Street, Auahi Street and Queen Street, as set forth by Land Court Order No. 149187, filed January 28, 2003.
- *4. Access rights in favor of Lot 31-A of Land Court Application No. 948 over and across Lot 2 of Land Court Consolidation No. 53 to Kamakee Street, Auahi Street and Queen Street, as set forth by Land Court Order No. 149187, filed January 28, 2003.
- 5. The terms and provisions contained in the following

INSTRUMENT	:	HOKUA PLANNED DEVELOPMENT PROJECT AMENDED AND RESTATED JOINT DEVELOPMENT AGREEMENT
DATED	:	as of October 29, 2003
FILED	:	Land Court Document No. 3020870
PARTIES	:	HOKUA DEVELOPMENT GROUP LLC, a Hawaii limited liability company "HDG", and VICTORIA WARD, LIMITED, a Delaware corporation, "VWL"
RE	:	Amends and restates in its entirety that certain unrecorded Hokua Planned Development Joint Development Agreement dated as of October 1, 2002

Hokua Planned Development Project Second Amended and Restated Joint Development Agreement dated December 14, 2005, filed as Land Court Document No. 3376411.

(HDG and VWL agreed to jointly develop portions of their adjoining properties. VWL agreed to allow a portion of its property, consisting of 6,362 sq.ft. ("Adjoining VWL Land"), and another 419sq.ft. of its property to be jointly developed with the adjoining HDG property for the purpose of increasing the land area to be included in calculating the maximum allowable floor area for the HDG development project; the 419 sq.ft. to be used by HDG for landscaping and pedestrian access purposes. VWL also agreed to grant in favor of HDG nonexclusive easements over and across portions of the Adjoining VWL Land for roadway,

pedestrian, and sewer purposes. HDG agreed to designate and grant an easement to VWL for a portion of the adjoining HDG property containing 559 sq.ft. for inclusion and use by VWL as part of the Queen Lane roadway and adjacent sidewalk, including related improvements, and appurtenances, and for drainage, flowage, and utility purposes.)

6. The terms and provisions contained in the following:

INSTRUMENT : DEVELOPMENT AGREEMENT

DATED : September 15, 2006

FILED : Land Court Document No. 3485707

PARTIES : HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii and VICTORIA WARD, LIMITED, a Delaware corporation

(Victoria Ward, Limited ("VWL") is developing a mixed-use commercial/residential project known as the Ward Village Shops Project to be built on VWL property, including subject parcels 13, 17, 19, and 22. In consideration of the Hawaii Community Development Authority's approval of the building permits for the project, the project shall be constructed in compliance with the approved construction drawings and in compliance with all terms and conditions of the development permit (including applicable provisions of the Kaka'ako Community Development District Plan and Mauka Area Rules and the Ward Village Shops Joint Development Agreement dated March 17, 2006). VWL agreed to satisfy the project's requirement to dedicate 17,942sq.ft. with public facilities credits by applying 17,942sq.ft. of its credits established under the Dedication Agreement dated October 21, 1993. The project is also subject to assessments for its pro rata share of the cost of the improvements which may, in the future, be undertaken in the vicinity of the project. If VWL elects not to build the project or the project is torn down or destroyed entirely and not rebuilt in whole or in major part, this agreement shall terminate. Upon sale or transfer of substantially all of its interest in the land subject to this agreement, VWL shall be released from liability under the agreement. *See Section 6 of the Developer's Public Report, as amended, "Hawaii Community Development Authority; Kaka'ako Community Development District Mauka Area Plan Rules; Planned Development Permits and Agreements" for additional information.*)

7. The terms and provisions contained in the following:

INSTRUMENT : Unrecorded FIRST AMENDED AND RESTATED WARD VILLAGE SHOPS JOINT DEVELOPMENT AGREEMENT AND RELEASE OF ADJACENT LAND

DATED : March 7, 2014

PARTIES : VICTORIA WARD, LIMITED, a Delaware corporation, "VWL", BANK OF HAWAII, a Hawaii corporation, as Trustee under Land Trust No. 89434, dated October 21, 2004, "BOH Land Trust", FIRST HAWAIIAN BANK, a Hawaii corporation, as Trustee under that certain unrecorded Land Trust No. FHB-TRES 200602, dated September 20, 2006, "FHB Land Trust", and the HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, "HCDA"

A Short Form of said Agreement is dated March 7, 2014, filed as Land Court Document No. T-8842262, recorded as Document No. A-51900779.

Said above Short Form Agreement amends and replaces in its entirety, the Ward Village Shops Short Form Joint Development Agreement dated December 30, 2008, filed as Land Court Document No. 3821858.

(VWL, BOH Land Trust, FHB Land Trust, and HCDA entered into the unrecorded First Amended and Restated Ward Village Shops Joint Development Agreement and Release of Adjacent Land dated March 7, 2014 ("Amended and Restated JDA"). The Amended and Restated JDA sets forth certain terms and conditions relating to the development of lands subject thereto, including land owned by VWL, including, but not limited to, subject parcels 13, 17, 19, and 22, and releases therefrom Lot 2-A, area 477,582.0 sq.ft., more or less, in Block 4, as shown on Map 21, filed with Land Court Consolidation No. 53 of Victoria Ward, Limited, owned by the FHB Land Trust. *See Section 6 of the Developer's Public Report, as amended, "Hawaii Community Development Authority; Kaka'ako Community Development District Mauka Area Plan Rules; Planned Development Permits and Agreements" for additional information.*)

8. The terms and provisions contained in the following:

INSTRUMENT	:	VICTORIA WARD, LIMITED, MASTER PLAN PERMIT MEMORANDUM OF DECISION AND ORDER
DATED	:	May 29, 2009
FILED	:	Land Court Document No. 3869623
RECORDED	:	Document No. 2009-093051
PARTIES	:	VICTORIA WARD, LIMITED, a Delaware corporation, "VWL", BANK OF HAWAII, a Hawaii corporation, as trustee under (a) that certain Land Trust Agreement and Conveyance dated October 21, 2004 (Trust No. 89433) and filed as Land Court Document No. 3188119, and (b) that certain Land Trust Agreement and Conveyance dated October 21, 2004 (Trust No. 89434) and filed as Land Court Document No. 3188118, "Bank of Hawaii Trust", FIRST HAWAIIAN BANK, a Hawaii corporation, as trustee under (a) that certain unrecorded Land Trust Agreement dated September 20, 2006 (Trust No. FHB-TRES 200601), and (b) that certain unrecorded Land Trust Agreement dated September 20, 2006 (Trust No. FHB-TRES 200602), "First Hawaiian Trust", and HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, "Authority"

(The memorandum explains that on April 2, 2008, General Growth Properties, Inc. real estate investment trust, and affiliate of VWL, submitted an application to the Authority on VWL's behalf for approval of a "master plan," as defined in Hawaii Administrative Rules § 15-22-201. The master plan calls for the development of land, approximately 59.96 acres in area, comprised of parcels including subject Tax Map Key Nos. 2-3-005: 013, 017, 019 and 022. On January 14, 2009, the Authority issued findings of fact, conclusions of law, and a decision and order with respect to the master plan ("Original Order"). On May 6, 2009, the Authority, having been made aware of an inadvertent error, issued a Nunc Pro Tunc Order Re: Hearing's Officer's Proposed Findings of Fact, Conclusions of Law, and Decision and Order for a Master Plan Permit ("Amended Order") to correct the error. The Amended Order amended the Original Order by adding a parcel (2-1-052: 022) that is held in fee by VWL and is part of the subject land. The terms and conditions of the Amended Order shall run with the land during the effective period of the master plan. *See Section 6 of the Developer's Public Report, as amended, "Hawaii Community Development Authority; Kaka'ako Community Development District Mauka Area Plan Rules; Planned Development Permits and Agreements" for additional information.*)

9. The terms and provisions contained in the following:

INSTRUMENT : MEMORANDUM OF MASTER PLAN DEVELOPMENT AGREEMENT FOR THE WARD NEIGHBORHOOD MASTER PLAN

DATED : December 30, 2010

FILED : Land Court Document No. 4036891

RECORDED : Document No. 2011-004171

PARTIES : VICTORIA WARD, LIMITED, a Delaware corporation, "VWL", BANK OF HAWAII, a Hawaii corporation, as trustee under (a) that certain Land Trust Agreement and Conveyance dated October 21, 2004 (Trust No. 89433) and filed as Land Court Document No. 3188119, and (b) that certain Land Trust Agreement and Conveyance dated October 21, 2004 (Trust No. 89434) and filed as Land Court Document No. 3188118, "Bank of Hawaii Trust", FIRST HAWAIIAN BANK, a Hawaii corporation, as trustee under (a) that certain unrecorded Land Trust Agreement dated September 20, 2006 (Trust No. FHB-TRES 200601), and (b) that certain unrecorded Land Trust Agreement dated September 20, 2006 (Trust No. FHB-TRES 200602), "First Hawaiian Trust", and HAWAII COMMUNITY DEVELOPMENT AUTHORITY, a body corporate and a public instrumentality of the State of Hawaii, "HCDA"

(The memorandum explains, in pertinent part, that the parties agree that the Master Plan Development Agreement ("MPDA") shall benefit and encumber certain lands in Kaka'ako (the "Master Plan Area") and the terms and conditions of the MPDA shall run with the Master Plan Area. On December 30, 2010, VWL, the Bank of Hawaii Trust, the First Hawaiian Trust, and HCDA executed the unrecorded MPDA that covers the Ward Neighborhood Master Plan ("Ward MP") for the development of the Master Plan Area, which includes land owned by VWL, Bank of Hawaii Trust, and the First Hawaiian Trust. HCDA and VWL agree that development of said master plan lands shall be in conformance with Chapter 22, Title 15 of the Hawaii Administrative Rules in effect on January 14, 2009, the Findings of Fact, Conclusions of Law and Decision and Order issued by HCDA on January 14, 2009, as corrected by Nunc Pro Tunc Order dated May 6, 2009 ("D&O"), the Master Plan Permit ("PL MASP 13.1.3"), and the MPDA. Approval of the Ward MP shall be valid until January 14, 2024, 15 years from the issuance of the D&O. Extensions may be requested on a reasonable showing of good cause. The phasing and timing of development under the Ward MP is intended to be flexible to give VWL the ability to adapt to economic and market conditions. Upon the expiration of the Master Plan Permit, VWL, the Bank of Hawaii Trust, and the First Hawaiian Trust may request that HCDA execute a release of this memorandum. Subject Tax Map Key Nos. (1) 2-3-005: 013, 017, 019, and 022, owned by VWL, are part of the Master Plan Area. *See Section 6 of the Developer's Public Report, as amended, "Hawaii Community Development Authority; Kaka'ako Community Development District Mauka Area Plan Rules; Planned Development Permits and Agreements" for additional information.*)

10. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIONS AGAINST RELATED LAND

DATED : May 18, 2012

RECORDED : Document No. A-46370186

(This is an agreement made on May 18, 2012 by Victoria Ward, Limited ("VWL") for the benefit of Bed Bath & Beyond Inc. VWL controls, is controlled by, or is under common control with Victoria Ward Center, LLC ("Landlord"), the landlord of the property commonly referred to as Ward Centre. Bed Bath & Beyond Inc. ("Tenant") leases a portion of Ward Centre. Tenant required that certain restrictions be

imposed, in pertinent part, on subject Tax Map Key Nos. (1) 2-3-005:013, 017, and 019 prior to entering into the lease agreement. Said restrictions prohibit certain uses of said parcels (e.g. any use that emits offensive odors; any operation of a storage, manufacturing, distilling etc. facility) and prohibits VWL from leases, renting, occupying, or permitting any portion of said parcels to be occupied for by a tenant, sublessee, assignee, licensee etc. that is in a business that competes with Tenant.)

11. RESTRICTION OF VEHICLE ACCESS RIGHTS, AND IF APPLICABLE, CANCELLATION OF PORTION OF RESTRICTION OF VEHICLE ACCESS RIGHTS

ALONG : Auahi Street, Kamakee Street and Queen Street Extension
SHOWN : on survey map prepared by Gary S. Takamoto, Land Surveyor, with ControlPoint Surveying, Inc. dated March 4, 2013, approved by the Department Permitting, City and County of Honolulu, 2013/SUB-58, on August 23, 2013

12. The terms and provisions contained in the following:

INSTRUMENT : COMMUNITY COVENANT FOR WARD VILLAGE
DATED : September 13, 2013
RECORDED : Document No. A-50040794
PARTIES : VICTORIA WARD, LIMITED, a Delaware corporation

The foregoing includes, but is not limited to, matters relating to (i) assessment liens which may be superior to certain mortgages; (ii) the By-Laws of Ward Village Owners Association; and (iii) reciprocal appurtenant easements for encroachments and easements for drainage of water runoff, said easements being more particularly described therein.

(This document establishes a governance structure and systems of standards and procedures for the overall development, expansion, administration, and maintenance of Ward Village. The foregoing includes the matters stated above.)

13. The terms and provisions contained in the following:

INSTRUMENT : DEED WITH RESERVATION OF EASEMENTS AND OTHER RIGHTS
DATED : September 13, 2013
RECORDED : Document No. A-50040795

The foregoing includes, but is not limited to, matters relating to reservations in favor of VICTORIA WARD, LIMITED, a Delaware corporation, its successors and assigns, of all rights and easements granted or reserved to said VICTORIA WARD, LIMITED under the Coordinated Development Instruments more particularly defined therein and also listed in Exhibit "B" attached thereto.

(Victoria Ward, Limited ("VWL") granted and conveyed all of LOT 15, the same being the consolidation of Lots 1, 2, and 3 (Map 2) of Land Court Consolidation No. 53, Block 5, deregistered, and a portion of what was previously Lot 14 (Map 6) and a portion of Lot 4 (Map 2) of Land Court Consolidation No. 53, Block 5, deregistered, and a portion of Lot 2 (Map 18) of Land Court Consolidation No. 53, deregistered, which collectively is the subject land on which the 1108 Auahi condominium project is being constructed. VWL reserved for itself, its successors and assigns, the right to use existing and future routes, sidewalks, driveways and roadways for vehicular and pedestrian ingress and egress; the right to relocate and consolidate access rights appurtenant to the property; certain easements; and all development and density rights, attributes, benefits, entitlements, credits, units, and other rights and interests arising from or with respect to the subject property that may be used by VWL for the development of other land in Honolulu, except for rights required by 1108 Auahi, LLC to complete the 1108 Auahi condominium project. The

Deed includes further obligations on the part of 1108 Auahi, LLC regarding the granting of easements to governmental agencies and owners or associations of owners of surrounding lots and requires that 1108 Auahi, LLC use the land only for the purpose of the 1108 Auahi condominium project unless the prior written approval of VWL is obtained. VWL is also granted a power of attorney to execute, deliver, file and record any instrument pertaining to VWL's rights under the Deed.)

14. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
"1108 AUAHI" CONDOMINIUM PROJECT

DATED : September 16, 2013
RECORDED : Document No. A-50310869
MAP : 5220 and any amendments thereto

Said Declaration was amended by instruments dated November 1, 2013, recorded as Document No. A-50571040, dated December 11, 2013, recorded as Document No. A-50940796, and dated October 2, 2014, recorded as Document No. A-54060744.

15. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS

DATED : September 16, 2013
RECORDED : Document No. A-50310870

Said Bylaws was amended by instrument dated October 2, 2014, filed as Document No. A-54060745.

16. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF RESTRICTIVE COVENANTS (Public Facilities
Dedication)

DATED : May 15, 2014
RECORDED : Document No. A-52480776

(See Section 6 of the Developer's Public Report, as amended, "Public Facilities Dedication for Public Purposes" for additional information.)

17. A portion of the Archaeological Data Recovery Area as shown on Final Archaeological Preservation Plan for SIHP 50-80-14-6855, Victoria Ward Village Shops Project, prepared by Matt McDermott, M.A. with Cultural Surveys Hawaii, Inc., dated January 2011, and also shown on ALTA Survey map prepared by Lance T. Stevens with Controlpoint Surveying, Inc. dated October 22, 2014.

(See Section 6 of the Developer's Public Report, as amended, "Neighboring Burial Site; Potential Archeological Findings" and "Archeological Data Recovery Area" for additional information.)

18. Any rights or interests which may exist or arise by reason of the following facts shown on survey map prepared by Lance T. Stevens, Land Surveyor, with Controlpoint Surveying, Inc., dated October 22, 2014:

- (A) Driveway, walkway and curbing crosses the property line between subject lot and adjacent Lot 16.
- (B) Driveway and curbing crosses the property line between subject lot and adjacent Lot 17.

(C) Concrete walkway crosses the property line between subject lot and adjacent Lot 17 and crosses into Archaeological Data Recovery Area.

19. MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING

MORTGAGOR : 1108 AUAHI, LLC, a Delaware limited liability company
MORTGAGEE : BREDS II MORTGAGE CORP., a Delaware corporation
DATED : as of November 6, 2014
RECORDED : Document No. A-54240386
AMOUNT : \$600,000,000.00

20. The terms and provisions contained in the following:

INSTRUMENT : ASSIGNMENT OF LEASES AND RENTS
DATED : as of November 6, 2014
RECORDED : Document No. A-54240388
PARTIES : 1108 AUAHI, LLC, a Delaware limited liability company, "Borrower", and BREDS II MORTGAGE CORP., a Delaware corporation, "Lender"

21. The terms and provisions contained in the following:

INSTRUMENT : ASSIGNMENT OF CONDOMINIUM RIGHTS AND DEVELOPER'S RIGHTS
DATED : as of November 6, 2014
RECORDED : Document No. A-54240390
PARTIES : 1108 AUAHI, LLC, a Delaware limited liability company, "Assignor", and BREDS II MORTGAGE CORP., a Delaware corporation, "Lender"

22. FINANCING STATEMENT

DEBTOR : 1108 AUAHI, LLC, a Delaware limited liability company
SECURED PARTY : BREDS II MORTGAGE CORP., a Delaware corporation
RECORDED : Document No. A-54240392
RECORDED ON : November 7, 2014

END OF EXHIBIT "F"

EXHIBIT "T"

SUMMARY OF PURCHASE AGREEMENT & DEPOSIT RECEIPT

Capitalized terms have the same meaning as ascribed to such terms in the Purchase Agreement & Deposit Receipt ("Purchase Agreement").

The specimen Purchase Agreement, filed with the State of Hawaii Real Estate Commission, provides for, among other things, a description of the Unit to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, the Seller's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of the Seller and of the Purchaser in the event of a default under the Purchase Agreement.

Among other provisions the specimen Purchase Agreement provides:

1. Prior to execution of the Purchase Agreement, Purchaser shall receive: (i) a true copy of the Public Report for the Project, either personally or by registered or certified mail with return receipt requested, the recorded Declaration, recorded Bylaws, House Rules and Condominium Map, or provided written notice to examine the map, and the Notice of Right to Cancel advising Purchaser of Purchaser's right to cancel the Purchase Agreement, the delivery of which is required by Hawaii Revised Statutes, Section 514B-86. Purchaser shall also have been given an opportunity to read said report.
2. Purchaser may cancel the Purchase Agreement within thirty (30) days of Purchaser's receipt of the Public Report ("Rescission Period"). It is understood that Purchaser may, at any time after Purchaser's receipt of the Notice of Right to Cancel and the documents described in 1. above and of Purchaser's execution of the Purchase Agreement, waive Purchaser's right to cancel the Purchase Agreement. If Purchaser shall fail to execute the Notice of Right to Cancel within thirty (30) days of Purchaser's receipt of the Public Report, Purchaser shall be deemed to have waived Purchaser's right to cancel the Purchase Agreement (by Purchaser's failure to give said written notice of cancellation). The conveyance of the Unit to the Purchaser within the thirty (30)-day period referenced above shall also be treated as a waiver by Purchaser of Purchaser's right to cancel the Purchase Agreement.
3. Seller shall complete construction of the Unit to permit normal occupancy of the Unit within five (5) years from the date Purchaser signs a binding contract ("Completion Deadline"). If the Project is not completed by the Completion Deadline, subject to causes of *force majeure*, Purchaser may cancel his or her Purchase Agreement at any time thereafter and Purchaser shall be entitled to a prompt refund of all monies paid, plus any interest earned thereon, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.
4. The Seller has entered into an Escrow Agreement, summarized in Exhibit "T" herein, with Title Guaranty Escrow Services, Inc. ("Escrow"), covering the deposit with Escrow of all funds paid by the Purchaser under the Purchase Agreement and the disbursement of the funds by Escrow. Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.
5. The Purchase Agreement requires the Purchaser to pay the Total Purchase Price by a series of payments prior to Closing, including an initial payment when Purchaser signs the Purchase Agreement, a second deposit and a third deposit. Purchaser shall then deposit the remaining balance due on the Date of Pre-Closing or four (4) business days prior to the Scheduled Closing Date, subject to loan requirements set forth in the Purchase Agreement. Seller may also assess a late fee up to 12% per annum.

6. Before expiration of the Rescission Period, Purchaser must submit to Seller Financial in form and content acceptable to Seller (in Seller's sole discretion) pursuant to Section E.5 of the Purchase Agreement.

7. If Purchaser is obtaining mortgage financing, Purchaser represents and understands that Purchaser is solely responsible for securing such financing.

PURCHASER'S OBLIGATIONS UNDER THE PURCHASE AGREEMENT ARE NOT CONTINGENT OR CONDITIONED ON PURCHASER'S ABILITY TO SECURE FINANCING FROM A MORTGAGE LENDER OR ON PURCHASER'S ABILITY TO SELL PURCHASER'S CURRENT RESIDENCE OR ANY OTHER PROPERTY OR ASSETS OR ON OBTAINING A DESIRED INTEREST RATE. The sale and purchase of the Unit is not contingent upon Purchaser's ability to retain the interest rate quoted at the time of approval of Purchaser's Financial Data and Purchaser will be required to pay the interest charged by Purchaser's lender at the Close of Escrow. No financing by Seller of any portion of the Purchase Price is available.

8. The Purchase Agreement provides that Purchaser may earn interest on Purchaser's deposits, pursuant to the requirements and limitations as set forth in the Purchase Agreement.

9. The Purchase Agreement provides that Purchaser will pay a non-refundable, non-transferable "start-up" fee for the Association of Unit Owners in an amount of two (2) month's estimated maintenance fees for the Unit; plus one (1) month's estimated maintenance fees for the Unit as an advance payment for the initial month's maintenance fees payable by a Unit Owner. These start-up fees are one-time assessments at Closing and are not advance payments of common expenses or assessments, and shall be in addition to the normal monthly assessments. In addition, Purchaser is responsible for all closing costs in connection with the sale, including, without limitation, the escrow fee, cost of a preliminary title report, cost of preparation of the Unit Deed, cost of establishing separate escrow account(s), real property tax prorations and other customary prorations, all acknowledgment fees, conveyance and transfer taxes of all types, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, the cost of drafting any revisions or addenda to this Purchase Agreement, loan fees, credit report costs and all other applicable mortgage costs, provided that it is understood that this sale is not subject to or conditioned upon Purchaser obtaining a loan.

10. Regardless of the status of construction of the Project and in order to accommodate a bulk closing or series of bulk closings of the Units by Seller, Seller intends to pre-close a bulk number of units from time to time, upon not less than thirty (30) calendar days' prior written notice to Purchaser (the "Seller's Pre-Closing Notice"). Seller's Pre-Closing Notice may establish a schedule with differing dates for certain requirements for the pre-closing to be met by Purchaser. Purchaser shall execute all necessary documents for such pre-closing, including irrevocable escrow instructions, and deposit the same with Escrow no later than the date specified in Seller's Pre-Closing Notice, and Purchaser further agrees to pay into Escrow all sums due from Purchaser at closing, excluding only any loan proceeds, if applicable, upon the date specified in Seller's Pre-Closing Notice.

11. Purchaser or Purchaser's agent shall inspect the Unit on a date and at a time specified by Seller in a written notice to Buyer. Upon completion of such inspection, Buyer agrees to sign or to cause its agent to sign an inspection checklist to be furnished by Seller or the contractor which shall list all defects or damages to the Unit, if any. If Buyer or its agent does not inspect the Unit, Buyer hereby appoints the Architect, or Seller or any agent of Seller, to so inspect the Unit and to execute said

inspection sheet on behalf of Buyer. Buyer agrees to accept possession of the Unit despite the existence of defects or damages to the Unit, including appliances, which do not render the Unit uninhabitable. Seller will cooperate with and assist Purchaser in having legitimately-listed defects or damage corrected or repaired within a reasonable time thereafter.

12. Purchaser authorizes Seller to make, and Purchaser hereby specifically approves, the following changes to the Project Documents and the Project after the Effective Date:

A. Any such changes as may be required by law, any title insurance company, lender, or governmental agency; provided, however, that such changes shall not constitute a change in the Project which directly, substantially and adversely affects the use or value of the Unit or the Limited Common Elements appurtenant thereto or the amenities of the Project available for Purchaser's use; and is not made pursuant to a right reserved to Seller under the Declaration ("Material Change"), or increase the Total Purchase Price.

B. Any non-Material Changes which the Seller or the Project Architect, in their sole and absolute discretion, deem appropriate, to the Common Elements, including, without limitation, the roadways, parking areas, and landscaping or any changes for reasons related to financial feasibility, efficiency, or aesthetics; furthermore, the Project Architect may increase or decrease the thickness of any foundation, wall, column or floor slab, or make other changes to Seller's Plans and Specifications (as defined and discussed further in Section E.26 of the Purchase Agreement), which could result in the dimensions of Purchaser's Unit or any appurtenant Limited Common Element thus affected becoming smaller or larger, or resulting in a building height or elevation different from that shown on the Condominium Map or stated in the Declaration or the Public Report; provided that the variance in the net living area of the Unit shall not exceed two percent (2%) of the net living area represented in the Project Documents. Further, the Project Architect may make changes necessary to correct any design errors or shortcomings.

C. Any Material Change made while Purchaser is under a binding Purchase Agreement; provided that applicable rescission rights shall be given to Purchaser in accordance with Section 514B-87 of the Hawaii Revised Statutes, as amended, as further described in Section E.29 of the Purchase Agreement.

D. Any changes made pursuant to the rights reserved by Seller as Developer under the Declaration, as more fully explained in Section E.14.c. of the Purchase Agreement.

13. The Purchase Agreement provides that it shall not be construed as a present transfer of any rights or of any interest in the Unit, but rather states that it is an agreement to transfer in the future. By execution of the Purchase Agreement, the Purchaser agrees to waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest arising under the Purchase Agreement in favor of the lien or charge on the Project of the security interests of the Lender, including but not limited to any lien, mortgage or charge securing a loan made to finance the acquisition of the land and the costs of construction (if applicable) and any and all advances therefore until the filing of the Unit Deed.

14. The Purchase Agreement generally provides that it may not be assigned by Purchaser. See Purchase Agreement for definition of what constitutes an "assignment." Any assignment of the Purchase Agreement is void and of no legal effect. Notwithstanding the foregoing, Purchaser may assign its rights under the Purchase Agreement to affiliated entities for estate planning purposes without the consent of Seller, provided that any such assignment shall not release Purchaser from its obligations under

the Purchase Agreement. In the event that Purchaser decides to make such an assignment for estate planning purposes, Purchaser shall provide written notice thereof to Seller at least fifteen (15) days prior to the Closing Date, as defined in the Purchase Agreement, and shall provide to Seller copies of such documents as Seller, in its sole and absolute discretion, deems necessary to complete Closing.

15. The Purchase Agreement provides that any dispute by or between Seller and Purchaser arising out of or incident to the Purchase Agreement, or the development or management of the Project, the sale of the Unit or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Project which is raised or otherwise asserted after Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Purchase Agreement. The Purchase Agreement also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Purchase Agreement that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided herein, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Honolulu, Hawaii.

16. PURCHASER ACKNOWLEDGES AND AGREES THAT, UPON ISSUANCE OF AN EFFECTIVE DATE FOR THE PUBLIC REPORT BY THE COMMISSION, SELLER'S SUBMISSION TO THE COMMISSION OF THE INFORMATION REQUIRED UNDER SECTION 514B-92 OF THE ACT, AND ESCROW'S RECEIPT OF A LETTER FROM SELLER STATING THAT PURCHASER HAS AFFIRMATIVELY WAIVED OR IS DEEMED TO HAVE WAIVED HIS/HER RIGHT TO CANCEL THIS SALES CONTRACT, AND STATING FURTHER THAT PURCHASER'S RIGHTS TO RESCIND HAVE TERMINATED, SELLER IS AUTHORIZED TO USE PURCHASER'S DEPOSIT IN ESCROW FOR THE CONSTRUCTION OF THE PROJECT AND FOR OTHER EXPENSES OF THE PROJECT, AS SET FORTH IN THE ESCROW AGREEMENT AND IN ACCORDANCE WITH HAWAII STATUTORY REQUIREMENTS PERTAINING TO THE USE OF PURCHASER'S FUNDS PRIOR TO CLOSING. PURCHASER AGREES TO THE USE OF PURCHASER'S DEPOSIT FOR SUCH PURPOSES IN ACCORDANCE WITH THE ESCROW AGREEMENT, AND DIRECTS ESCROW TO DISBURSE SUCH FUNDS UPON DIRECTION FROM SELLER, SELLER'S LENDER OR AN OTHERWISE QUALIFIED FINANCIALLY DISINTERESTED PERSON. SELLER HAS NO OBLIGATION TO PAY INTEREST TO PURCHASER ON ANY FUNDS USED BY SELLER FOR THOSE PURPOSES PERMITTED BY LAW. PURCHASER FURTHER ACKNOWLEDGES THAT ANY ATTEMPT BY PURCHASER TO PREVENT SELLER FROM USING PURCHASER'S FUNDS OR TO PREVENT ESCROW FROM DISBURSING PURCHASER'S FUNDS AS PERMITTED UNDER THE ACT AND THE ESCROW AGREEMENT MAY RESULT IN ADDITIONAL COSTS, DELAYS, AND OTHER DAMAGES TO SELLER. ACCORDINGLY, ANY SUCH ACTIONS BY PURCHASER SHALL CONSTITUTE A BREACH OF THIS SALES CONTRACT. SELLER MAY PURSUE LEGAL ACTION FOR ANY ACTUAL AND CONSEQUENTIAL DAMAGES CAUSED BY REASON OF PURCHASER'S ACTIONS IN VIOLATION HEREOF. SELLER AND PURCHASER HEREBY IRREVOCABLY INSTRUCT ESCROW TO MAKE DISBURSEMENTS FROM PURCHASER'S DEPOSITS AS MAY BE PERMITTED BY THE ESCROW AGREEMENT. SELLER AND PURCHASER HEREBY AGREE THAT ESCROW IS RELIEVED FROM ALL LIABILITY FOR ACTING IN ACCORDANCE WITH THE TERMS OF THIS SECTION, NOTWITHSTANDING A NOTICE TO THE CONTRARY BY SELLER, PURCHASER, OR ANY OTHER PARTY OR THIRD PERSON; PROVIDED, HOWEVER, THAT ESCROW SHALL NOT BE RELIEVED FROM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH ITS OWN INTENTIONAL, GROSS NEGLIGENCE, OR RECKLESS ACTS OR OMISSIONS.

SELLER AND PURCHASER AGREE TO PAY ESCROW ON DEMAND AND TO INDEMNIFY AND HOLD ESCROW HARMLESS FROM AND AGAINST ALL COSTS, DAMAGES, JUDGMENTS, ATTORNEYS' FEES, EXPENSES, OBLIGATIONS, AND LIABILITIES OF EVERY KIND AND NATURE REASONABLY SUFFERED OR INCURRED IN CONNECTION WITH OR ARISING OUT OF THE DISBURSEMENT OF PURCHASER'S DEPOSITS (EXCEPT THOSE ARISING FROM THE GROSS NEGLIGENCE OR RECKLESS ACTS OR OMISSIONS OF ESCROW). UPON PAYMENT THEREOF, THE PREVAILING PARTY WILL BE SUBROGATED TO ESCROW'S RIGHT TO JUDGMENT FOR SAID COSTS, DAMAGES, JUDGMENTS, ATTORNEYS' FEES, EXPENSES, OBLIGATIONS, AND LIABILITIES OF EVERY KIND AND NATURE AGAINST THIRD PERSONS.

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THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS OR DISCLOSURES CONTAINED IN THE PURCHASE AGREEMENT. THE PURCHASE AGREEMENT CONTAINS OTHER DISCLOSURES ABOUT THE CHANGES THAT MAY BE MADE BY DEVELOPER IN THE PROJECT AND ABOUT OTHER ITEMS AFFECTING ENJOYMENT AND USE OF THE PROJECT. AS SUCH, THIS SUMMARY IS A GENERAL SUMMARY OF SOME OF THE PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AGREEMENT, PURCHASER MUST REFER TO THE PURCHASE AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PURCHASE AGREEMENT, THE PURCHASE AGREEMENT WILL CONTROL.